

Message Text

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ORIGIN AID-05

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FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR NIACT IMMEDIATE

C O N F I D E N T I A L STATE 061212

LIMDIS, FOR LUBENSKY FROM LUERS

E.O. 11652: GDS

TAGS:

SUBJECT: AIFLD - PROPOSED VISIT TO INVESTIGATE ALLEGED
MIS-HANDLING OF USG FUNDS BY UCS

1. ON MARCH 15, DOHERTY AND STAFF OF AIFLD ADVISED LUERS,
AND ARA/LA STAFF CONCERNING STRONG EVIDENCE JUST RECEIVED
BY AIFLD, THAT CASTRO OF UCS HAD MIS-HANDLED SUBSTANTIAL
AMOUNTS OF USG FUNDS PROVIDED BY CONTRACT THROUGH AIFLD.
AS YOU KNOW AIFLD IS PRESENTLY PAYING SALARY TO CASTRO.
THE INVOLVEMENT OF UCS EXECUTIVE BOARD IS NOT CLEAR.

2. AIFLD PROPOSES TO SEND AN INVESTIGATIVE TEAM SOONEST
CONSISTING OF HADDAD (DEPUTY EXECUTIVE DIRECTOR) MAYER
(COUNSEL) AND HAMMER (CLOSELY ASSOCIATED WITH UCS SINCE ITS
CONFIDENTIAL

PAGE 02 STATE 061212

BEGINNING).

3. TEAM WOULD BEGIN WITH VISIT TO EMBASSY FOR FULL
DISCUSSION OF SITUATION AND FINAL GUIDANCE ON STRATEGY.
THE TEAM MEMBERS THEN PLAN TO MEET WITH CASTRO, UCS BOARD
AND STAFF, AND POSSIBLY UCS TRAINING PARTICIPANTS. APPRO-
ACH WOULD BE SOFT (E.G. HOW COULD PREVIOUS BOOKKEEPING
LAXITY BE TIGHTENED-UP TO ALLOW AIFLD TO PROCEED WITH
PROPOSED EXPANSION OF AGRARIAN PROGRAMS, INCLUDING ACTIVI-
TIES IN EL SALVADOR). AIFLD HOPES THAT IF CURRENT EVIDENCE

PROVES CORRECT, UCS BOARD WOULD NOT SUPPORT CASTRO, CASTRO WOULD LEAVE AND SEVERE DAMAGE TO THE UCS AND ITS RELATION TO AIFLD COULD BE AVOIDED.

4. AIFLD FEELS STRONGLY, INVESTIGATION SHOULD BE MADE SOONEST, SINCE AIFLD'S CONFIDENTIAL SOURCE OF MUCH IMPORTANT INFORMATION, A UCS STAFF MEMBER, IS NOW IN A VERY EXPOSED POSITION, AND BECAUSE CASTRO IS BEING PAID BY AIFLD.

5. DOHERTY BRIEFED AMBASSADOR LOZANO BY PHONE IN WASHINGTON LAST WEEK, REGARDING FINDINGS TO-DATE. THE AMBASSADOR RESPONDED HE FELT UCS PLAYED A USEFUL ROLE IN SALVADORIAN SOCIETY, AND WOULD HOPE TO AVOID ANY DAMAGE, AND ANY SCANDAL FROM THE INVESTIGATION. AIFLD FEELS ITS PROPOSED APPROACH OFFERS THE BEST HOPE OF MEETING THE AMBASSADOR'S OBJECTIVES.

6. AID/IIS IS FULLY INFORMED CONCERNING CURRENT FINDINGS AND PLANS AND CONCURS IN ABOVE PROPOSED COURSE OF ACTION.

7. AIFLD TEAM PLANS DEPART WASHINGTON SUNDAY MARCH 20 ARRIVING SAN SALVADOR NEXT MORNING. IF EMBASSY BELIEVES AIFLD VISIT INAPPROPRIATE AT THIS TIME IN VIEW OF CURRENT SITUATION WITH GOES, ADVISE NIACT IMMEDIATE. IN CONFIDENTIAL

PAGE 03 STATE 061212

THAT CASE, PLEASE SUGGEST LIKELY ALTERNATIVE TIMING.
VANCE

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